Message Text

CONFIDENTIAL

PAGE 01 PEKING 01615 01 OF 03 220943Z

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TO SECSTATE WASHDC PRIORITY 4300

CONFIDENTIAL SECTION 1 OF 3 PEKING 1615

EXDIS

E.O. 11652: GDS

TAGS: OREP (ANDERSON, JOHN) PFOR US CH

SUBJECT: CODEL ANDERSON DISCUSSION WITH CHIAO KUAN-HUA

REF: PEKING 1616

FOLLOWING IS TEXT SUBSTANTIVE PORTION CODEL ANDERSON (LED TEMPORARILY BY SENATOR BYRD) DISCUSSION WITH PRC FOREIGN MINISTER CHIAO KUAN-HUA ON AUGUST 21.

BYRD: YOU HAVE UNDOUBTEDLY HEARD THE STATEMENT AND MAY EVEN HAVE SAID IT, THAT THE WORLD IS IN TURMOIL. THE UNITED STATES' ACTIONS ARE MOTIVATED BY A DESIRE FOR PEACE. OUR ACTIONS ARE GEARED TOWARD PREVENTING THE ESTABLISHMENT OF HEGEMONY AND THE DOMINATION OF ONE COUNTRY BY ANOTHER IN THE ASIAN AREA. WHAT DO YOU UNDER-STAND ABOUT THAT ROLE?

CHIAO: WE HAVE COMMON GROUND IN OPPOSING HEGEMONY. IT IS AN IMPORTANT PORTION OF THE SHANGHAI COMMUNIQUE. OF COURSE, THE UNITED STATES HAS RECENTLY TAKEN BENEFICIAL MEASURE IN THE LIGHT OF UNITED STATES CONDITIONS. YOU CANNOT SAY THAT WE DON'T UNDER-STAND. ON MANY QUESTIONS, WE DON'T HOLD THE SAME VIEWS. FOR EXAMPLE, ON SOME QUESTIONS YOU MUST ADOPT A MORE POWERFUL POLICY, BUT THIS IS ONLY OUR VIEW.

BYRD: IN WHAT RESPECT SHOULD WE HAVE A MORE POWERFUL POLICY? WOULD YOU CARE TO BE MORE SPECIFIC?

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PEKING 01615 01 OF 03 220943Z

CHIAO: IF I AM TO BE SPECIFIC, THERE ARE MANY QUESTIONS ON WHICH

WE DO NOT UNDERSTAND THE UNITED STATES' ACTIONS. WE KNOW WHICH COUNTRY WANTS TO ESTABLISH HEGEMONY. ON QUESTIONS OF FOOD GRAIN, DOES THE UNITED STATES INTEND TO HELP THAT POWER?

BYRD: MANY OF US REGRET THE 1972 DEAL, BUT THAT WAS NOT AN ACT OF THE UNITED STATES GOVERNMENT, WHICH DID NOT EVEN KNOW HOW MUCH GRAIN PRIVATE DEALERS HAD SOLD. THE DEALERS THEMSELVES DID NOT KNOW THE TOTAL. IN OTHER WORDS, THE RIGHT HAND DID NOT KNOW WHAT THE LEFT HAND WAS DOING AND MUCH MORE WAS SOLD THAN OUR GOVERNMENT WOULD HAVE APPROVED. PRICES HELD UP AND WE STILL FEEL IT. NOW THE UNITED STATES GOVERNMENT IS MONITORING THE SALES AND REQUIRES THE DEALERS TO REPORT THEIR CONTRACTS. SECRETARY BUTZ HAS PLACED A LID ON CONTRACTS UNTIL WE CAN SEE WHAT OUR CROPS ARE. DON'T THING WE WILL FALL INTO THIS BOX AGAIN WITH OUR EYES OPEN.

CHIAO: AS FAR AS WE CAN TELL, THIS NOT ONLY INVOLVES THE PEOPLE OF THE UNITED STATES, BUT ALSO AFFECTS THE ENTIRE INTERNATIONAL MARKET. MANY THIRD WORLD COUNTRIES HAVE SUFFERED GREAT LOSSES FROM THE RISING PRICE. I WOULD APPRECIATE BEING INFORMED OF YOUR VIEWS.

BYRD: FROM THE POINT OF VIEW OF THE PEOPLE OF THE UNITED STATES, THE UNITED STATES MUST FIRST TAKE CARE OF THE AMERICAN MARKET

THEN SELL TO ITS OLD CUSTOMERS, AND IF ANY IF LEFT WE WILL SELL IT TO THE USSR.

A MOMENT AGO YOU SAID THAT YOU UNDERSTOOD THE NECESSITY FOR FORCEFUL US ACTION TO PREVENT THE ESTABLISHMENT OF SOVIET HEGEMONY IN MANY PARTS OF THE WORLD SUCH AS OUR ACTION IN THE INDIAN OCEAN TO ESTABLISH A BASE IN DIEGO GARCIA TO KEEP THE USSR FROM MOVING IN. IS THIS CORRECT.

CHAIO: THIS HAS A BEARING ON ALL THESE QUESTIONS. OF COURSE, I'M RELUCTANT TO CRITICIZE YOU AT THE OUTSET OF OUR TALKS.

BYRD. I DON'T THINK YOU HAVE BEEN SPECEFIC ABOUT WHAT MORE POWERFUL ACT BY THE UNITED STATES YOU MEANT. WOULD YOU ENLIGHTEN THE DELEGATION?

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PEKING 01615 01 OF 03 220943Z

CHIAO: LET US GO TO ANOTHER SUBJECT. THIS HAS BEEN TAKEN UP HERE WITH MR. BUSH. I HAVE EXPLAINED DIEGO GARCIA TO OUR AMERICAN FRIENDS AS WELL AS THE QUESTION OF EUROPE. ALL OF THESE QUESTIONS, I PRESUME THAT YOU KNOW WE HAVE ALREADY STATED OUR VIEWS.

BYRD: WE KNOW THAT YOU DO NOT APPROVE FOREIGN BASES. BUT IN PRESENT CIRCUMSTANCES YOU WOULD NOT DISAPPROVE THE US BASE IN DIEGO GARCIA.

CHIAO: THIS IS VERY SPECIFIC. WE DISCUSSED THIS MATTER WITH SENATOR JACKSON AG GREAT LENGTH. I WILL REPEAT AGAIN WHAT I SAID. FIRST, WE DON'T APPROVE THE ESTABLISHMENT OF MILITARY BASES ON THE SOIL OF ANY COUNTRY. AT THE SAME TIME, WE ARE REALISTIC AND MUST TAKE A REALISTIC VIEW IN THIS CASE. IN THE LAST TEN YEARS THE SOVIET EXPANSION IN THE INDIAN OCEAN HAS FAR SURPASSED THE UNITED STATES THERE. IT HAS ESTABLISHED DISGUISED BASES AND DOES IT QUIETLY, WHEREAS THE UNITED STATES MUST DO EVERYTHING IN PUBLIC. IN MY VIEW, THE UNITED STATES HAS LAGGED BEHIND THE USSR IN THE LAST TEN YEARS. UNDER THE CIRCUMSTANCES IN WHICH THE USSR MAINTAINS A LARGE NUMBER OF COVERT BASES IN THE IINDIAN OCEAN, IT WOULD NOT BE FAIR TO EXCLUDE THE UNITED STATES. I HAVE DISCUSSED THIS

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 PEKING 01615 02 OF 03 221030Z

12

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

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TO SECSTATE WASHDC PRIORITY 4301

CONFIDENTIAL SECTION 2 OF 3 PEKING 1615

EXDIS

VIEW WITH YOU AND WITH THE COUNTRIES OF THE THIRD WORLD. IF MILITARY BASES ARE TO BE DISMANTLED, IT SHOULD BE ALL BASES. IT IS UNFAIR FOR ONE SIDE TO DISMANTLE AND NOT THE OTHER. PEARSON: I WOULD LIKE TO RESPOND TO YOUR STATEMENT ON THE WHEAT QUESTION. YOU MAY KNOW ALREADY THAT I COME FROM KANSAS, A LARGE PRODUCER OF WHEAT. THE UNITED STATES GENIOUS IS IN AGRICULTURE AND OUR CAPACITY TO PRODUCE LIVESTOCK. GRAIN HAS DONE A GREAT DEAL TO FEED THE HUNGRY PEOPLES OF THE WORLD. WE HAVE GREAT RESPECT FOR YOUR TRADE POLICY AND FOR YOUR EMPHASIS ON SELF-SUFFICIENCY. WE, HOWEVER, RELY ON TRADE. OUR POLICY IS OUTGOING AND WE NEED TRADE TO MAINTAIN OUR CAPACITY TO PRODUCE GRAIN. WE EXPORT NOT FOR DOLLARS ALONE, BUT TO FEED HUNGRY PEOPLE. NO NATION HAS DONE MORE TO FEED THE HUNGRY PEOPLE OF THE WORLD. WE WANT TO DO MORE IN CREATING A STOCK FOR A WORLD FOOD RESERVE, WHICH WE HOPE YOU WILL SUPPORT. BOTH YOU AND WE HAVE POINTS OF DISPUTE WITH

INDIA, BUT WE THINK MORE OF THE HUNGRY PEOPLE OF INDIA THAN OF ITS GOVERNMENT'S POLICIES. WE WERE PROUD TO SELL GRAIN TO THE PEOPLE'S REPUBLIC OF CHINA IN 1973 AND 1974. WE HOPE WE CAN SELL MORE AND FEED FOR STOCK, AND AGRICULTURAL MACHINERY, NOT ONLY FOR THE COMMERCE, BUT TO FORM A GOOD WORKING PARTNERSHIP WITH THE PEOPLE'S REPUBLIC OF CHINA. I AM AFRAID I HAVE MADE A SPEECH. CHIAO: YOU'RE TOO POLITE.

NUNN: MR. FOREIGN MINISTER, WE ARE ALL CONCERNED WITH THE SITUATION IN KOREA. A GREAT MAJORITY IN BOTH THE SENATE AND THE HOUSE OF REPRESENTATIVES SUPPORTS THE POLICY OF THE ADMINISTRATION TO UPHOLD OUR COMMITMENT TO THE REPUBLIC OF KOREA. WHAT CHANCE OF PROGRESS TOWARD PEACE IS THERE? WHAT CONSTRUCTIVE ROLE CAN THE UNITED STATES PLAY IN SEEKING PEACE AND STABILITY? CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PEKING 01615 02 OF 03 221030Z

BYRD: AND MIGHT I ADD, WHAT CONSTRUCTIVE ROLE CAN YOUR COUNTRY PLAY IN THE SEARCH FOR PEACE AND STABILITY?
CHIAO: SINCE YOU ASK ME, IT WOULD NOT BE RIGHT IF I WERE NOT CANDID. IN OUR VIEW, IN ORDER TO PROMOTE PEACE IT IS NECESSARY THAT THE UN COMMAND BE DISSOLVED AND ALL FOREIGN TROOPS WITHDRAWN TO GIVE THE KOREAN PEOPLE A CHANCE TO SETTLE THEIR DIFFERENCES. WHAT IS THE ROLE FOR THE UNITED STATES? IF THE UNITED STATES WOULD ACT AS I SUGGESTED, IT WOULD BE A GREAT MOVE FOR PEACE AND STABILITY. CHINA WAS DIFFERENT. IN 1958 THE CHINESE PEOPLE'S VOLUNTEERS WITHDREW AND NORTH KOREA HAS ONLY ITS OWN TROOPS. CHINA HAS ALWAYS SUPPORTED A PEACEFUL UNIFICATION OF KOREA AND THIS IS THE ROLE WE SHOULD PLAY.

NUNN: I AM CONCERNED ABOUT THE POSSIBLE ROLE OF THE USSR IN SOUTH EAST ASIA SINCE THE UNITED STATES IS NO LONGER THERE. YOU KNOW MORE THATN WE DO ABOUT WHAT IS GOING ON IN INDOCHINA, PARTICULARLY CAMBODIA. WHAT DO YOU THINK OF THE SOVIET PRESENCE IN SOUTHEAST ASIA? WHAT ARE THE PROSPECTS FOR PEACE AMONG VIETNAM, CAMBODIA, BURMA, THAILAND AND MALAYSIA? WHAT ARE THE CHANCES FOR PEACE AND STABILITY IN THE FUTURE?

CHIAO: I AGREE ON THIS POINT. OUR NORTHERN FRIENDS ARE TRYING BY HOOK OR CROOK TO INSERT THEMSELVES IN ANY PART OF THE WORLD WHEN THE US LEAVES. WHETHER THEY WILL SUCCEED OR NOT IS ANOTHER QUESTION, HOWEVER. WE DON'T QUITE BELIEVE IN THE VACUUM THEORY, WHICH IS A WORD IN YOUR POLITICAL LANGUAGE. THAT IS THAT WHEN ONE BIG POWER WITHDRAWS ANOTHER BIG POWER MUST FILL THE VACUUM. WHAT ABOUT THE PEOPLE OF THE REGION? AS YOU SAID, SOUTHEAST ASIA AND THE INDOCHINESE PEOPLE AS WE KNOW THEM ARE BRAVE PEOPLE WITH VERY HIGH SELF-RESPECT. NOW THAT THE INDOCHINA WAR, IN WHICH THE US INVOLVED ITSELF, HAS ENDED, WE HOPE YOU WILL IMPROVE RELA-TIONS WITH THESE COUNTRIES. IT WOULD BE A BENEFICIAL THING TO DO. IT IS A PITY THAT YOU HAVE NOT MADE A DECISION. NORTH VIETNAM AND SOUTH VIETNAM HAVE APPLIED FOR MEMBERSHIP IN THE UNITED NATIONS AND THE UNITED STATES HAS VETOED IT. WHAT IS THE REASON? I DON'T SEE ANY REASON AT ALL. THIS ACT CAN ONLY MAINTAIN THE HOSTILITY OF THE INDOCHINESE.

BYRD: MR. MINISTER, YOU INDICATED THAT THE USSR WILL TRY BY HOOK OR BY CROOK TO MOVE INTO AN AREA. WHAT ABOUT THAILAND, IF NORTH VIETNAM WITH THE HELP OF THE SOVIET UNION SHOULD ATTEMPT TO TAKE OVER THE AREA?

CHIAO: I DON'T QUITE BELIEVE THAT. RECENTLY WE HAVE HAD USEFUL CONTACTS WITH OUR THAI FRIENDS. POLITICAL LOGIS IS NOT SO SIMPLE CONFIDENTIAL.

CONFIDENTIAL

PAGE 03 PEKING 01615 02 OF 03 221030Z

AS SAYING THE US IS OUT AND, THEREFORE, THE USSR IS IN. THE PEOPLE THERE WILL FILL THE VACUUM.

DERWINSKI: A MAJOR PROBLEM OF THE LAST 30 YEARS HAS BEEN THE SOVIET CONTROL OVER THE EASTERN EUROPEAN COUNTRIES. WILL THE RECENT HELSINKI CONFERENCE HELP THE EASTERN EUROPEAN COUNTRIES OR WAS THE CONFERENCE A DIPLOMATIC VICTORY FOR THE USSR? CHIAO: OUR VIEWS ON THE EUROPEAN SECURITY CONFERENCE ARE KNOWN TO ALL OUR FRIENDS. NOW THIS HAS COME TO A CULMINATION IN HELSINKI. YOUR PRESIDENT AND YOUR GOVERNMENT HAVE SAID THAT THE UNITED STATES MADE NO FUNDAMENTAL COMMITMENTS. OUR VIEW IS MORE THOROUGH. WE SAY THAT THE HELSINKI FINAL ACT IS A MERE SCRAP OF PAPER AND NOT WORTH PAYING ATTENTION TO. IT HAS MADE NO CHANGE IN THE STATUS QUO IN EUROPE. IF PEOPLE BELIEVE THAT IT MEANS A NEW ERA OF DETENTE AND THEY BELIEVE SOVIET PROPAGANDA, THEN IT WAS A

DERWINSKI: WHAT IF MARSHAL TITO SHOULD LEAVE THE SCENE? WHAT IS YOUR VIEW OF WHAT MIGHT BE SOVIET INTENTIONS TOWARDS YUGOSLAVIA IN THOSE CIRCUMSTANCES?

CHIAO: I CAN ONLY GIVE YOU OUR ASSESSMENT ACCORDING TO OUR UNDERSTANDING OF THE SITUATION. GIVEN THE NATURE OF THE SOVIET UNION, WE BELIEVE THAT IT WILL USE ALL KINDS OF PRESSURE TO CONTROL YUGOSLAVIA. BUT IT WILL NOT BE EASY GIVEN THE NATURE OF THE YUGOSLAV PEOPLE AND OTHER COUNTRIES, INCLUDING THE UNITED STATES IN PARTICULAR. IF THE USSR EXERCISES DIRECT CONTROL IT IS ONE THING; IF THE CONTROL IS INDIRECT IT IS ANOTHER.

SLACK: WHAT SHOULD BE THE GENERAL STANCE OF THE PEOPLE'S REPUBLIC OF CHINA AND THE UNITED STATES IN WORLD AFFAIRS, AND PARTICULARLY IN ASIA?

CHIAO: THIS QUESTION WAS ANSWERED IN THE SHANGHAI COMMUNIQUE AND WE HAVE COMMON GROUND ON THIS POINT. THAT IS, WE OPPOSE ANY EFFORT TO ESTABLISH HEGEMONY IN THE ASIAN AND PACIFIC REGION. THE US HAS RELATIONS WITH MANY ASIAN COUNTRIES, PARTICULARLY WITH JAPAN. WE HOPE THESE GOOD RELATIONS WILL CONTINUE AND IT IS IMPORTANT THAT IT BE AN EQUAL PARTNERSHIP.

PEARSON: YOU TALK ABOUT COMMON GROUND. WE SHARE ONE ENVIRONMENT AND THE NECESSITY THAT THERE SHALL NEVER BE ANOTHER NUCLEAR WAR IN THIS WORLD. MAYBE WE, AS THE ONLY COUNTRY WHICH HAS EVER DROPPED A NUCLEAR WEAPON, ARE TOO SENSITIVE. WHILE WE APPLAUD YOUR TECHNICAL EFFORTS IN DEVELOPING A NUCLEAR WEAPON, WE WORRY ABOUT THE CONSEQUENCES. I WOULD ASK WHEN DO YOU SEE A TIME WHEN YOU MIGHT ENTER INTO AN AGREEMENT AND ASSOCIATE YOURSELVES WITH THE CONFIDENTIAL

CONFIDENTIAL

PAGE 04 PEKING 01615 02 OF 03 221030Z

VIEWS OF MANY THIRD WORLD COUNTRIES, TO WHOM YOU HAVE OFFERED LEADERSHIP? DO YOU THINK THE ENVIRONMENT AND WORLD SAFETY WOULD LEAD YOU TO JOIN IN THE PERMANENT NUCLEAR TEST BAN TREATY? CHIAO: WE WILL NEVER ENTER INTO THE TREATY AND I WILL TELL YOU OUR REASON. I'M ONLY STATING HISTORICAL FACT ABOUT THE POSITION THAT THE UNITED STATES TOOK IN 1963. THE USSR WAS MOTIVATED BY A DESIRE TO BIND CHINA HAND AND FOOT TO MAKE IT EASIER TO BULLY CHINA. IT IS NOT FAIR EVEN IN LOGIC. WHY SHOULD THE THREE POWERS WHICH HAD NUCLEAR WEAPONS, THE US, THE USSR OR THE UK, BE ALLOWED TO DEVELOP MORE AND OTHERS NOT TO. IT IS UNFAIR TO THE OTHERS LIKE CHINA. WE VERY MUCH HOPE THAT SOME DAY THERE WILL BE NO NEED FOR NUCLEAR TESTS, BUT HIS WILL ONLY COME WHEN THE COUNTRIES OF THE WORLD MAKE AN AGREEMENT AND IMPLEMENT AN AGREEMENT FOR THE COMPLETE, THOROUGH DESTRUCTION OF ALL NUCLEAR WEAPONS. I HOPE YOU UNDER-STAND OUR POSITION. AS FOR NUCLEAR NON-PROLIFERATION, CHINA WILL NOT PROLIFERATE. THE UNITED STATES AND THE SOVIET UNION HAVE MOUNTAINS OF NUCLEAR WEAPONS BUT WANT TO FORBID THEM TO OTHERS. IT IS UNFAIR TO DO THAT. IN RECENT DAYS INDIA HAS DEVELOPED A NUCLEAR WEAPON BUT WE DON'T TAKE IT SERIOUSLY. WHEN IT WAS DEVELOPED WE DIDN'T UTTER A WORD, BUT WE STRONGLY OPPOSE THE USE OF A "NUCLEAR DETONATING FOR PEACEFUL PURPOSE" TO BLACKMAIL WEAK

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 PEKING 01615 03 OF 03 230050Z

60

ACTION SS-25

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TO SECSTATE WASHDC PRIORITY 4302

CONFIDENTIAL SECTION 3 OF 3 PEKING 1615

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NEIGHBORING POWERS.

NUNN: I AM INTERESTED IN NATO AND IN THE SINO-SOVIET BORDER AND THE PROBLEMS YOU HAD SEVERAL YEARS AGO WITH THE SOVIET UNION. I BELIEVE WE AGREE THAT IT IS NECESSARY THAT BOTH FRONTS REMAIN STRONG. WHAT ARE THE PROSPECTS FOR EASING TESION OR FOR A SOVIET BUILDUP?

CHIAO: IN 1969 WE HAD MORE FREQUENT CONFLICTS ON OUR BORDER WITH THE USSR. IF THE LAST FIVE OR SIX YEARS THE SITUATION HAS REMAINED NORMAL. ON THE OTHER HAND, THE SO-CALLED BOUNDARY NEGOTIATIONS HAVE PRODUCED NO RESULTS. THE MAIN AIM ALMOST SEEMS TO BE THE TALKS THEMSELVES. IN OUR ESTIMATE THE TROOPS ALONG OUR BORDER ARE ABOUT ONE-FOURTH OF THE TOTAL FORCES OF THE USSR, THE MAJOR PART IS IN THE WEST. WE BELIEVE THAT THE SOVIET FORCES ON THE SINO-SOVIET BORDER ARE DIRECTED FIRST AT THE UNITED STATES FORCES IN THE PACIFIC, SECOND TOWARD JAPAN AND, THIRD, TOWARD CHINA.

DERWINSKI: COULD THE MINISTER GIVE US HIS VIEWS OF THE INTERNATIONAL POLITICAL REPRECUSSIONS OF INDIA'S INTERNAL POLICIES, ONE ITS FOREIGN POLICY, ON THE SOVIET PRESENCE OR OTHER PROBLEMS OF THE REGION?

CHIAO: DURING THE INDO-PAKISTAN WAR, AND I PRESUME BEFORE, THERE WAS A VIEW THAT INDIA WAS A SHOWPLACE OF DEMOCRACY. NOW WITH INDIRA GANDHI'S OPEN OPPRESSION, THE SHOWCASE HAS CRACKED AND IS ALMOST BROKEN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PEKING 01615 03 OF 03 230050Z

BYRD: WE AGREE WITH YOU.

CHIAO: DURING THE INDO-PAKISTAN WAR THE ARGUMENT WAS THAT INDIA WAS A DEMOCRACY AND PAKISTAN A DICTATORSHIP. THIS VIEW COULD ONLY BENEFIT SOVIET EXPANSION IN SOUTH ASIA.

BYRD: MANY OF US NEVER BELIEVED THAT. DO YOU BELIEVE THAT THE USSR IS ATTEMPTING TO ESTABLISH A BASE AT CAMRANH BAY?

CHAIO: WE HAVE HEARD SUCH REPORTS, BUT WE ARE NOT INFORMED WELL ENOUGH TO SAY THAT THERE ACTUALLY IS SUCH A BASE. WE HAVE NO INFORMATION THAT THIS IS NOT THE CASE.

BYRD: WHAT BENEFITS WOULD YOU SEE IF THE UNITED STATES AND CHINA WERE TO ESTABLISH DIPLOMATIC RELATIONS?

CHIAO: THEN I COULD GO TO WASHINGTON. YOUR SECRETARY CAN COME TO CHINA ANY TIME, BUT I CAN'T GO TO WASHINGTON.

BYRD: YOU'RE WELCOME ANY TIME. BUT WHAT OTHER BENEFITS DO YOU SEE MIGHT FLOW FROM THE ESTABLISHMENT OF DIPLOMATIC RELATIONS?

CHIAO: OF COURSE, NOW OUR RELATIONS ARE NOT YET NORMALIZED UNDER PRESENT CIRCUMSTANCES. EVEN IF THEY WERE FULLY NORMAL, TRADE WOULD NOT GROW VERY FAST, BUT IT WOULD BECOME QUITE DIFFERENT. IF WE HAD NORMALIZATION THERE WOULD BE QUITE A DIFFERENCE IN CONTACTS AND UNDERSTANDING. WE HAVE TOLD OUR AMERICAN FRIENDS BEFORE, IF THE UNITED STATES HAS PROBLEMS IN ATTEMPTING NORMALIZATION, CHINA CAN WAIT. WE DO NOT AGREE THAT THINGS ARE ALL RIGHT AS THEY ARE NOW, BUT WHEN WE HAVE NOT NORMALIZED RELATIONS WE CAN ONLY KEEP GOING AS NOW.

BYRD: IF DIPLOMATIC RELATIONS WERE ESTABLISHED, WOULD IT BE CONDUCIVE TO GREATER COOL (\sharp)

EXTENT.

BYRD: COULD YOU PROVIDE US ANY DETAILS?

CHIAO: I THINK THAT IS SELF-EVIDENT. CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PEKING 01615 03 OF 03 230050Z

BYRD: I THINK THIS DISUCSSION HAS BEEN MOST HELPFUL. I'M SORRY THERE IS NO MORE TIME. YOU HAVE BEEN VERY LIBERAL WITH YOUR VALUABLE TIME. I'M ALSO GRATEFUL THAT YOU'VE INVITED AMBASSADOR BUSH HERE. THE UNITED STATES IS FORTUNATE IN HAVING A MAN OF SUCH INTEGRITY AND CHARACTER AS AMBASSADOR BUSH TO FULFILL HIS RESPONSIBILITIES HERE. WE HAVE GREAT RESPECT FOR YOUR PEOPLE AND THINK THESE VISITS BY CONGRESSIONAL DELEGATIONS IN THE PRESENCE OF USLO AND MR. BUSH WILL CONTINUE TO DO MUCH TO STRENGTHEN RELATIONS AND PROMOTE THE GROWTH OF MUTUAL UNDERSTANDING. THERE IS A TREMENDOUS RESERVOIR OF GOODWILL TOWARD THE PRC IN THE US. WE RECOGNIZE IN THE INTERESTS OF PEACE OUR TWO COUNTRIES WILL HAVE TO COOPERATE MORE AND MORE AS TIME GOES BY.

CHIAO: PERSONALLY SPEAKING, MR. BUSH IS THE FIRST AMERICAN FREIND I MET AT THE UNITED NATIONAL AMONG ALL OUR AMERICAN FRIENDS. I'VE EVEN MET HIS MOTHER. I SHARE YOUR HOPE THAT THE TWO SIDES WILL MAKE COMMON EFFORTS TO IMPROVE RELATIONS.

BYRD: I SHOULD LIKE TO THANK THE CHINESE PEOPLE'S INSTITUTE FOR FOREIGN AFFAIRS FOR THEIR HOSPITALITY AND THE EFFORTS THEY HAVE MADE TO PROMOTE GROWING FRIENDSHIP BETWEEN OUR TWO COUNTRIES.

CHIAO: ALL OF THIS IS AN INFORMAL EXCHANGE OF VIEWS AND NOT FOR PUBLICATION. BUSH

NOTE BY OC/T: PEKING 1615/3, (#) OMISSION. CORRECTION TO FOLLOW.

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	Margaret P.	Grafeld Decla	ssified/Releas	sed US Depa	rtment of Sta	ite EO Syster	natic Review	06 JUL 200)6
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Message Attributes

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Concepts: NUCLEAR PROLIFERATION, HEGEMONY, DIPLOMATIC RELATIONS ESTABLISHMENT, SALES, MEETINGS, MILITARY BASES,

GRAINS

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